



Onshore Oil and Gas Leasing Rule

Fact Sheet – General Updates

On April 12, 2024, the Bureau of Land Management (BLM) announced forthcoming finalized updates to its onshore oil and gas leasing regulations. The rule, known as the [Fluid Mineral Leases and Leasing Process rule](#), is the BLM's first comprehensive update to the Federal onshore oil and gas leasing framework since 1988.

The Oil and Gas Rule modernizes the BLM's oil and gas leasing program, ensuring a balanced approach to public lands management, and secures a fair return for American taxpayers, updating outdated fiscal terms and codifying new provisions from the Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL).

The rule largely implements the reform agenda laid out by the Department of the Interior's [Report on the Federal Oil and Gas Leasing Program](#), and is responsive to recommendations for improvement the Government Accountability Office (GAO) and the Department of the Interior's Office of Inspector General. Both have identified significant fiscal and other stewardship concerns with the BLM's oil and gas leasing program; the program has been on the GAO's high-risk list since 2011.

The final rule is informed by public comment and feedback received during a 60-day public comment period on the Bureau's proposed rule.

Fiscal Reforms

The final rule will update outdated fiscal provisions and align the BLM's regulations with fiscal reforms included in the IRA. The final rule will:

- Increase royalty rates for new oil and gas leases from 12.5% to 16.67%.
- Increase minimum rental rates to \$3.00 per acre for the first 2 years, \$5.00 per acre for years 3 to 8, and \$15 per acre for remaining years.
- Increase minimum lease bids from \$2.00 per acre to \$10.00 per acre.
- Establish a new fee on expressions of interest of \$5.00 per acre.
- Eliminate non-competitive leasing of Federal lands for oil and gas.
- Revise the onshore program's cost recovery mechanisms to ensure that application fees reflect actual processing costs.

Bonding

The BLM had not updated its bonding amounts since 1960, meaning the existing bonds do not provide an adequate incentive for companies to meet their reclamation obligations, or cover the actual costs of cleanup in the event an operator goes out of business or otherwise fails to complete required plugging and reclamation—costs that taxpayers end up covering.

The final rule will:

- Increase the minimum lease bond amount from \$10,000 to \$150,000.
- Increase the minimum statewide bond amount from \$25,000 to \$500,000.
- Eliminate nationwide and unit operator bonds.
- Include additional protections for surface owners.

Additionally, in order to further lower the risk of taxpayers needing to pay to clean up orphaned well, the final rule will:

- Reduce the period after which a well is considered idled from 7 years to 4 years.
- Require operators of nonoperational wells to help the BLM reduce its inventory of idled wells through improved identification, tracking, and proactive management.

Phase-in periods are included for existing operations to come into compliance with new bonding requirements. For more information on the bonding updates, please see the BLM's Bonding Updates Fact Sheet.

Responsible Leasing and Development

Public lands managed by the BLM support a variety of uses, from energy development to outdoor recreation and habitat for fish and wildlife. Under the agency's multiple use and sustained yield mission, the BLM's responsibility is to balance these uses on behalf of the American people.

Between 2013 and 2022, the BLM offered approximately 40.3 million acres for lease, but received bids on only approximately 9.5 million acres. The final rule will focus agency resources on areas with the highest potential for development and with the fewest conflicts or special resources, allowing the BLM to better manage public lands for multiple uses and sustained yield.

The final rule will do so by incorporating preference criteria into its oil and gas regulations to:

- Provide clarity and consistency in the criteria used to guide the BLM's decision-

making regarding leasing.

- Direct leasing and development towards areas with higher oil and gas potential.
- Avoid leasing in areas with sensitive cultural, wildlife, and recreation resources.

The final rule will also ensure oil and gas lessees are financially and technically capable of responsible development, as required by the [Mineral Leasing Act](#).

The final rule:

- Incentivizes diligent development by responsible and qualified parties.
- Limits the use of lease suspensions and drilling permit extensions.
- Strengthens oversight over lease transfers.

Important Points

- The final rule does not change the BLM's multiple use and sustained yield mission. Responsible energy development will continue on public lands.
- The final rule does not affect any valid existing rights or currently authorized leases, except for the new bonding requirements, which have a phase-in period for existing operations.
- The final rule does not affect oil and gas leasing on Tribal lands. In August of 2021, the BLM sent a letter to each Tribe, informing them of the development of this rule. The letter offered Tribes the opportunity for individual government-to-government consultation. The opportunity for Tribal consultation remained open throughout the rulemaking process.

What's next?

The final rule will come into effect 60 days after it publishes in the *Federal Register*. As the BLM moves forward with the implementation process, it remains committed to facilitating open dialogue, transparent communication, and proactive engagement to ensure a smooth transition and effective integration of the regulatory changes.

Through this collective effort, the BLM aims to uphold the integrity of the regulatory landscape while promoting innovation, compliance, and the overarching objectives of the final rule.